

Recommendations for the Inclusion of Transitional Jobs within the WIA Title I Adult Program

Summary

The reauthorization of the Workforce Investment Act (WIA) presents an opportunity to ensure that the nation's workforce system works for all by removing disincentives to serving those with barriers to employment, requiring stronger targeting of services, and providing support for program models such as Transitional Jobs, which are geared toward helping individuals who face difficulties in the labor market. The development and expansion of Transitional Jobs programs is essential to ensure that those with barriers to employment are not left behind. During this serious and prolonged economic downturn, it is more crucial than ever to ensure that more Americans have access to employment opportunities.

The Workforce Investment Act (WIA) is the main federal funding stream for employment and training services. Since the enactment of WIA, the share of individuals receiving intensive or training services who are low-income has dropped, falling from more than 80 percent in PY 2000 to less than 50 percent in PY 2007.¹ Several factors are responsible for this trend: declining overall funding, the performance measure system, sequential service requirements, and inconsistent application of the priority of service requirement across states and local areas.

The National Transitional Jobs Network (NTJN), with the Center for Law and Social Policy (CLASP), recommend that Congress take the following actions to ensure that the WIA adult program explicitly supports Transitional Jobs programs for individuals with severe and multiple barriers to employment:

- **Include a definition of Transitional Jobs within WIA.**
- **Make Transitional Jobs an allowable activity and allowable use of funds within WIA.**

In order for these changes to be effective, WIA reauthorization also must include the following recommendations to ensure that America's workforce development system works for all:

- **Re-invest in the nation's workforce development system by increasing funding.**
- **Increase the emphasis on training and services that enable people to succeed in training.**
- **Remove disincentives in performance measures to encourage provision of services to individuals with disabilities and other barriers to employment.**

More detail can be found within the CLASP WIA recommendations brief.²

1 Center for Law and Social Policy. Written Comments on Workforce Investment Act Reauthorization Prepared for the Senate Listening Session. Nov 28, 2008.
2 Center for Law and Social Policy, Congressional Action Needed to Ensure Low-Income Adults Receive Critical Employment and Training Services under the Workforce Investment Act, June 5, 2008

Updated June 2010

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Policy Brief

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Barriers Hinder Employment Success for Millions of Americans

Millions of Americans need assistance in order to succeed in employment. Numerous studies have documented the negative relationship between having multiple barriers and access to or success in employment.³ These challenges include having little or no work experience; lack of basic skills - particularly in literacy and numeracy; lack of a high school degree; having a criminal record or a disability, and workplace and social skills deficits that impede success at work. The number of Americans that face these and other barriers to employment is alarming and rising:

- The majority of the over 700,000 people that return to American communities each year from incarceration face barriers to work due to their spotty work histories and criminal records. Without viable employment, the likelihood that people will return to prison skyrockets. In addition, the effects of reincarceration on children, over 7 million of whom have an incarcerated parent, can be economically and socially devastating for generations.⁴
- Currently, over 3.5 million people experience homelessness in any given year. People who are homeless have disproportionately high rates of physical and mental health issues, as well as other barriers to employment including lack of a fixed address and limited work experience. Employment opportunities are vital to ending homelessness.⁵
- In any given month, an average of 2 millions families receive TANF. An extensive body of research suggests that these families often have serious barriers to employment that may limit their ability to meet program requirements. Nationally, this has resulted in about 20 percent of those who leave TANF being disconnected from work or welfare.⁶

During this economic downturn, individuals with little or no work experience and with barriers to employment are among the hardest hit. Unemployment has risen sharply since 2007 and is expected to rise even after economic growth resumes. The national poverty rate is projected to rise to nearly 15%, with child poverty likely to exceed 27 percent, and the poverty rate for single mothers expected to approach 50%.⁷ Effective employment strategies are more critical than ever to ensure that more Americans will have access to employment opportunities.



The Transitional Jobs Strategy is a Key Solution

Transitional Jobs is a key workforce strategy to help individuals with barriers to employment enter and succeed in the labor market, and currently, it is a missing component of a comprehensive workforce development system. Transitional Jobs (TJ) programs use time-limited, wage-paying jobs that combine real work, skill development, and supportive services to help participants overcome barriers, build work-related skills, and transition successfully into the labor market. A Transitional Job gives participants the opportunity to gain valuable work experience, develop a work history, and to earn a reference from an employer, which can be critical factors in securing unsubsidized employment.

"Let's put the jobless back to work in transitional jobs that can give them a paycheck and a sense of pride."

*President Barack Obama,
June 16, 2007*

3 Danziger, S., et al. (2000). Barriers to the employment of welfare recipients. Ann Arbor, MI: University of Michigan, Poverty and Research Training Center; Rangarajan, A., & Wood, R.G. (2002, January). Current and former WFNJ clients: How are they and their children faring 40 months later? Princeton, NJ: Mathematica Policy Research, Inc; Goldberg, H. (2002). Improving TANF program outcomes for families with barriers to employment. Washington, DC: Center on Budget Priorities; Olson, K.K., & Pavetti, L. (1996). Personal and family challenges to the successful transition from welfare to work., Washington, DC: Urban Institute; Taylor, M.J., & Barusch, A.S. (2004). Personal, family, and multiple barriers of long-term welfare recipients, Social Work, 49(2), 175-183.

4 Travis, J., Lawrence, S. (2002). Beyond the prison gates: The state of parole in America. Washington, DC: Urban Institute Press.

5 Burt, M.R., Aron, L.Y., Lee, E., & Valente, J.J. (2001). Helping America's homeless. Washington, DC: Urban Institute Press

6 U.S. Department of Health & Human Services. (2003). HHS releases data showing continuing decline in number of people receiving temporary assistance. Retrieved May, 11, 2009, from www.hhs.gov/news/press/2003pres/20030903.html

7 Mishel, L. (2009, May). Sounding the alarm: Update on the economic downturn. [PowerPoint slides]. Retrieved from <http://www.epi-data.org/docs/alarmsw/index.html>

The Transitional Jobs model is a practical employment strategy that was developed across the country by a diverse group of stakeholders. The employment approach utilizes lessons learned from On-the-Job Training, sheltered employment, welfare reform demonstrations, and engagement with the employer community. Transitional Jobs are structured to provide a bridge to critical work supports, including the Earned Income Tax Credit, and to education and training, thus helping disadvantaged workers advance up the career ladder.

The Transitional Jobs strategy is highly adaptable to different delivery models, including work crews, social enterprises, or individualized placements in scattered sites. Regardless of the structure, it is important that the core elements of the strategy be present to maximize outcomes. The core elements of a Transitional Jobs program are:

- Orientation/assessment
- Job readiness/life skills training
- Case management/supportive services
- Subsidized Transitional Job
- Unsubsidized job placement
- Job retention support
- Linkages to education/training
- Protections against the displacement of non-transitional workers on work sites

Over 30 states and numerous localities across the country have implemented Transitional Jobs programs for populations with barriers to employment, including TANF recipients, older out of school and at-risk youth, people experiencing homelessness, refugees, veterans, and people being released from prison.



Transitional Jobs are Proven to Decrease Reliance on Welfare, Reduce Recidivism, and Produce Cost Savings

The evidence for the effectiveness and benefit of Transitional Jobs programs for individuals, families, and communities has been built by rigorous program evaluations. These findings support Transitional Jobs programs as an effective solution to support the entry into work and the advancement of many populations with barriers to success in work.

- **Participants in Transitional Jobs programs decrease reliance on public benefits.**⁸ Rigorous random assignment findings from a MDRC study evaluating the effects of Transitional Jobs on long-term welfare recipients through the Transitional Work Corporation in Philadelphia found that after 1½ years the TJ participants experienced statistically significant increases in earnings as well as statistically significant decreases in both receipt of TANF and TANF payment amounts. These results show the TJ model providing significantly better outcomes than the control group and there was an even larger impact for the most disadvantaged program participants. Prior to the program participants received TANF for an average of 40 months, 56 percent had no high school diploma or GED, and 31 percent lived in public or subsidized housing. There was a larger impact for the more disadvantaged program participants.

⁸ Bloom, D. (2008, November). Alternative welfare-to-work strategies for the hard-to-employ TANF recipients. APPAM Annual Research Conference Presentation. New York, NY: MDRC.

- **Transitional Jobs programs reduce reincarceration rates for persons reentering communities from prison.**^{1,2} Rigorous random assignment findings from a MDRC study evaluating the effects of Transitional Jobs programs on people recently released from incarceration through the Center for Employment Opportunities in New York found that TJ participants were statistically significantly less likely than the control group to be arrested, convicted of a new crime, and to be incarcerated for any reason during the first 3 years of the study period. Prior to the program participants had an average of 7 convictions and 43 percent had no high school diploma or GED.
- **An extensive 2002 review of data from six TJ programs found high post-Transitional Jobs employment rates**—between 81 to 94 percent.³ In addition, an evaluation of Washington State’s Community Jobs program found that the program had strong positive impacts on employment and earnings. The average participant had eight barriers to employment and was the least work ready of all welfare recipients in the state, yet after the program, 72 percent entered unsubsidized employment and had average income increases of 60 percent during the first 2 years in the workforce compared to before the program.⁴
- **Transitional Jobs programs are a cost effective way of helping individuals with barriers to employment enter and succeed in the labor market.** A return on investment analysis completed for the State of New York by the Fiscal Policy Institute projected that the cost savings for the state in serving longtime public assistance recipients and the formerly incarcerated through Transitional Jobs programs together equaled over \$106 million over 3 years after subtracting the state’s initial funding investment in Transitional Jobs programs.⁵

Federal Funding to Support Transitional Jobs Programs is a Complicated Patchwork

Demand for Transitional Jobs programs far exceeds the current funding capacity. Currently, a variety of federal funds can be used to support parts of Transitional Jobs programs. Transitional Jobs programs can be supported in part by Temporary Assistance to Needy Families (TANF) (including the new Emergency Contingency Funds), Second Chance Act Funds, and a variety of other city and state funds.

WIA Adult program funds can support some components of Transitional Jobs programs and a handful of Workforce Investment Boards use WIA Adult program funding to support Transitional Jobs programs. The piecemeal funding available to support Transitional Jobs programs is inadequate, challenging to access and manage, typically does not prioritize or emphasize Transitional Jobs, and often does not provide resources for the core components of the strategy—in particular the paid Transitional Job.

Workforce Central, the Workforce Investment Board for Pierce County in Washington State has administered Transitional Jobs funds made available by Washington State Community Trade and Economic Development since 1998. A partnership comprised of five local partners operates the TJ program locally and has provided services to 4,000 people to date.

1 Bloom, D. (2008, November). Transitional Jobs for Ex-Prisoners. APPAM Annual Research Conference Presentation. New York, NY: MDRC.

2 Cindy Redcross, November 2009. Transitional Jobs for Ex-Prisoners: Three Year Results from a Random Assignment Evaluation of the Center for Employment Opportunities.. MDRC. APPAM Annual Research Conference Presentation.

3 Kirby, G., et al. (2002, April). Transitional Jobs: Stepping stones to unsubsidized employment. Washington, DC: Mathematica Policy Research.

4 Burchfield, E. (2002). Community jobs program moves people from welfare to a career track: Outcomes assessment summary. Seattle: Economic Opportunity Institute.

5 Renwick, T. (2008). Transitional Jobs return on investment study. New York: Fiscal Policy Institute.



Recommendations for Workforce Investment Act Reauthorization

The Transitional Jobs model is a program innovation that has greatly expanded since WIA was enacted, and WIA Title I adult program reauthorization should incorporate this strategy. The Center for Law and Social Policy (CLASP) and the National Transitional Jobs Network (NTJN) recommend that Congress take the following actions to support Transitional Jobs (TJ) as a workforce strategy for individuals with barriers to employment.

1. **Include a definition of Transitional Jobs within WIA.** Currently, there is no definition of Transitional Jobs programs within WIA law. In order to support the use of Transitional Jobs programs as a workforce strategy to assist those with barriers to employment, WIA should include a definition that identifies the program model's core components. The Responsible Fatherhood and Healthy Families Act of 2009, recently introduced by Senator Bayh and Representative Davis, includes such a definition. See the last page of this brief for a detailed definition.
2. **Make explicit that Transitional Jobs are an allowable activity and use of funds.** Transitional Jobs are not listed as an allowable activity, although WIA law and regulations support elements of Transitional Jobs programs, including employer engagement, case management, job placement and education and training. The Green Jobs Act, which amended WIA, included implementation of Transitional Jobs strategies as an allowable activity for the Pathways out of Poverty demonstration. Implementation of a comprehensive TJ strategy should be an allowable activity under WIA. In addition, the core elements of the TJ strategy, including time-limited, wage-paying employment, should be allowable activities under WIA.

In order for these changes to be effective, WIA reauthorization also must include the following recommendations to ensure that America's workforce development system works for all:

- Re-invest in the nation's workforce development system by increasing funding.
- Increase the emphasis on training and services that enable people to succeed in training.
- Remove disincentives in performance measures to encourage provision of services to individuals with disabilities and other barriers to employment.

Inclusion of these recommendations within the reauthorization of the WIA Title I Adult programs is a wise investment in our future and guarantees a workforce development system that works for all.



Definition of Transitional Jobs for Inclusion within Legislation

TRANSITIONAL JOBS: The term “Transitional Jobs” means an employment strategy for individuals who demonstrate multiple and severe employment barriers and those that have sporadic, problematic, and inconsistent work histories that -

- (A) is conducted by or in partnership with state and local governments, local and state workforce investment boards, nonprofit and/or faith-based organizations;
- (B) provides time-limited subsidized employment using individual placements, team placements, and in-house placements, without displacing existing employees;
- (C) pays wages to the participant in accordance with applicable law, but in no event less than the higher of the rate specified in section 6(a)(1) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(a)(1)) or the applicable state or local minimum wage law, which are subsidized, in whole or in part, by public funds;
- (D) combines time-limited employment with activities that promote skill development, address and remove barriers to employment, and lead to unsubsidized employment. Program services should include but not be limited to thorough individual participant assessment, job readiness and skills development, employment-focused case management, job development, job retention support, provision of or linkages to supportive services, literacy and adult basic education and training and other activities constructed in a manner that are flexible to meet participants needs; and
- (E) places participants into unsubsidized employment, based on a programs’ assessment of participant readiness and labor market conditions.

The National Transitional Jobs Network is (NTJN) is a coalition of city, state, and federal policy makers; community workforce organizations; anti-poverty nonprofit service providers and advocacy organizations committed to advancing and strengthening Transitional Jobs programs around the country so that people with barriers to employment can gain success in the workplace and improve their economic lives and the economic conditions of their communities. The NTJN supports a constituency of over 4,000 active members and stakeholders across the country.

The NTJN is a project of Heartland Alliance for Human Needs & Human Rights.

